

Message Text

LIMITED OFFICIAL USE

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 L-03 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 TRSE-00
SS-15 NSC-05 /054 W
-----084900 270608Z /13/10

R 260941Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 9152

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C O R R E C T E D C O P Y (T E X T)

E.O. 11652: N/A
TAGS: EAIR, RP, US
SUBJECT: CIVAIR -- CALIFORNIA PROPERTY TAX ON FOREIGN
AIRLINES

REF: STATE 169382

1. WE HAVE ASKED THE U.S. CARRIERS TO FURNISH US WITH TAX
INFORMATION REQUESTED IN REFTEL.

2. PANAM'S REPLY READS AS FOLLOWS: BEGIN QUOTE: AS RE-
QUESTED IN YOUR JULY 14, 1978 LETTER, THE FOLLOWING TAXES
ARE BEING PAID BY PAN AM IN ADDITION TO THE 2-1/2 PERCENT
INCOME TAX BASED ON GROSS BILLINGS:

- 1. 25 PERCENT TO 35 PERCENT CORPORATE INCOME TAX FOR
- NON-TRANSPORT REVENUES;
- 2. 15 PERCENT INCOME TAX ON BRANCH PROFIT REMITTANCE;
- 3. 2 PERCENT COMMON CARRIERS TAX BASED ON LIFTED
- FLIGHT COUPONS;
- 4. 6 PERCENT BROKER'S TAX ON INTERLINE COMMISSION;
- 5. 3 PERCENT CONTRACTOR'S TAX ON HANDLING OF OTHER
- CARRIERS; AND

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- 6. A SPECIAL FUND LEVY BEING ASSESSED BY THE OIL
INDUSTRY COMMISSION OF \$0.0153 PER LITER OF
AVIATION FUEL USED. END QUOTE.

3. FLYING TIGER LINE STATES IT PAYS THE FOLLOWING TAXES:
BEGIN QUOTE: 1. RESIDENCE TAX ON CORPORATIONS/COMPANIES/
ASSOCIATIONS -

- "C" - P50 FIXED PER YEAR, PLUS
- "C-1" - P 2 FOR EVERY P5,000 GROSS RECEIPTS
OR EARNINGS IN THE PRECEDING YEAR
- 2. PRIVILEGE TAX - P100 FIXED PER YEAR TO ENGAGE
IN BUSINESS.
- 3. PERCENTAGE TAX AS AIR CARRIER - 2 PERCENT OF
MONTHLY GROSS RECEIPTS (PAYABLE QUARTERLY).
- 4. REGISTRATION FEES/LICENSE PLATES FOR MOTOR VE-
HICLES - VARIABLE ACCORDING TO TYPE, MODEL,
CAPACITY. WE PAID P609.50 THIS YEAR FOR THREE
(3) DIFFERENT MOTOR VEHICLES.
- WE PAY OF COURSE INCOME TAX, BUT PER YOUR LETTER, THEY
NEED NOT BE INCLUDED IN THIS REPORT.
- WE DO NOT PAY ANY REAL PROPERTY TAX AS THIS COMPANY
DOES NOT OWN REAL PROPERTY IN THE PHILIPPINES.
- WE DO NOT PAY DIRECTLY JET FUEL TAXES. IT IS OUR
VENDOR OF JET FUEL IN THE PHILIPPINES, MOBIL
- OIL PHILIPPINES INC. THAT PAYS THEM, AND ACCORDING TO
MOBIL THOSE TAXES ARE INCLUDED IN THE PRICE OF THE
- JET FUEL THAT FLYING TIGERS PURCHASE, AS FOLLOWS:
"AIRPORT THRUPUT" (OR ROYALTY FEES TO THE CIVIL
AERONAUTICS ADMINISTRATION) - P0.10 PER U.S.
GALLON
- "SPECIAL FUND" (WHICH GOES TO THE DEPARTMENT
OF ENERGY) - P0.115 PER LITER
- PER ADDITIONAL INFORMATION FROM MOBIL, THE ABOVE-
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- MENTIONED TAXES ARE ADDED TO FLYING TIGERS JET FUEL
- BILLS BECAUSE THE PHILIPPINES AND THE U.S. DO NOT
- HAVE ANY BILATERAL AIR AGREEMENT PROVIDING FOR EX-
- EMPTION FROM PAYMENT OF THOSE TAXES. . . . AND THAT
- PRESIDENTIAL DECREE 1359 WHICH CAME INTO EFFECT APRIL
- 21, 1978, PROVIDES FOR A SPECIFIC TAX OF P0.30 PER
- LITER, BUT THAT MOBIL IS NOT INCLUDING THIS IN THE
- PRICE OF JET FUEL SOLD TO US PENDING DETERMINATION
- OF WHETHER OR NOT THE U.S. CHARGES AN EQUIVALENT TAX
- ON THE JET FUEL PURCHASES OF PAL IN THE U.S. END

QUOTE.

4. NORTHWEST ORIENT LISTS THE FOLLOWING TAXES: BEGIN
QUOTE: 1) 2 PERCENT TAX ON COMMON CARRIERS:
 - (A) MANIFESTED OUTGOING PASSENGERS MULTIPLIED
BY REGULAR FARE LESS 25 PERCENT
 - (B) ACTUAL REVENUE ON EXCESS BAGGAGE
 - (C) TOTAL FREIGHT CHARGES ON OUTGOING CARGOS
- 2) FUEL TAXES ARE CHARGED ON A PER US GALLON BASIS:
 - (A) MUNICIPAL TAX (AIRPORT THRUPUT TAX) IS \$0.0134
 - (B) ENERGY TAX (SPECIAL FUND) IS \$0.0581.
- FUEL COST PER US GALLON - \$.4554 - 86.430 PERCENT

- MUNICIPAL TAX - .0134 - 2.543 PERCENT
- ENERGY TAX - .0581 - 11.027 PERCENT
- TOTAL COST - \$.5269 - 100.00 PERCENT
- 3) DOCUMENTARY STAMPS AND REVENUE STAMPS
 - (A) ON AIRWAY BILLS, APPROXIMATELY 0.3 PERCENT OF
 - TOTAL AMOUNT CHARGED ON THE AWB FOR DOCUMENTARY
 - STAMPS AND AN ADDITIONAL 0.3 PERCENT FOR SCIENCE
 - STAMPS.
- 4) RESIDENCE CERTIFICATE TAX
 - (A) "C" TYPE - P50.00 ANNUALLY
 - (B) "C1" TYPE - P6,000.00 ANNUALLY
- 5) PRIVILEGE TAX - P100.00 ANNUALLY
- 6) REAL ESTATE TAX (MACHINERY OPERATED) - P390.00

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INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00
SS-15 NSC-05 /054 W
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- ANNUALLY. END QUOTE.

DECONTROL UPON RECEIPT. MURPHY

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Message Attributes

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TAGS: EAIR, RP, US
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